



PRINCIPLES OF EFFECTIVE TEAMING AGREEMENTS

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Introduction: What is a Teaming Agreement?

- “An arrangement pursuant to which ...
 - A. Two or more companies form a partnership or joint venture to act as a potential prime contractor; or
 - B. A potential prime contractor agrees with one or more other companies to have them act as its subcontractors under a specified government contract or acquisition program”

FAR 9.601



FIRST PRINCIPLE: FORMALITY OF TEAMING AGREEMENTS

- Teaming agreements should be in writing.
- Written teaming agreements more clearly ascertain the intentions, obligations, and responsibilities of the parties.



Second Principle: Advance Confidentiality and Non Disclosure

- Potential teaming partners should have their proprietary data protected during the time when the parties are evaluating whether to form a team.
- Such document should be in writing and signed by both parties prior to the time a decision is made on whether or not to team.
- The agreement should be a different document than the teaming agreement.
- The document should contain responsibilities on the part of the potential teaming partners and other relevant parties on the treatment of proprietary data during the time when the parties are evaluating whether to form a team.



Third Principle: Notice of Intent

It should clearly be stated in the teaming agreement whether or not the prime contractor intends to award a subcontract to the potential subcontractor if the prime contractor is awarded the contract in question.

- Alternatively, the teaming agreement should contain language on whether the agreement represents a non-binding expression of interest to award a subcontract to the potential subcontractor in the future.
- Moreover, the teaming agreement should clearly point out whether there are any conditions relating to whether or not the prime contractor will award a potential subcontractor a subcontract should it be awarded the prime contract



Fourth Principle: Essential Terms of the Teaming Agreement

- If the prime contractor indeed intends to award a subcontract to the potential subcontractor should the prime in fact be awarded the Federal contract, the teaming agreement should contain all of the conditions essential to an implementing subcontract for the portion of work that the potential subcontractor is responsible for performing.
- Such terms should include, but not be limited to: 1) an explicit identification of the work the subcontractor will perform; 2) the price to be paid for the work, which may be defined in terms of the percentage of the total value of the contract; 3) the estimated quantity of goods or services involved; 4) the anticipated time of performance; 5) the date of delivery of the work; and, 6) the time for payment.



Fifth Principle: Protection of Intellectual Property

- Parties to a teaming agreement are expected to insist upon clauses within the teaming agreement that limit exposure of their intellectual property and other proprietary data to a degree that would not undermine the value of the company itself.

Sixth Principle: Termination Clauses



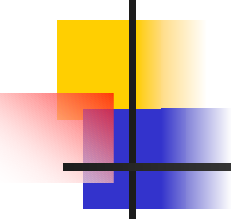
- The teaming agreement should contain no termination clauses that contradict the intention of the prime contractor to award a subcontract to a potential subcontractor.

Seventh Principle: **Requirements**

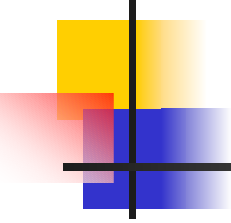
Disclosure

- The teaming agreement should contain language requiring the prime contractor to notify the potential subcontractor if any changes are made to the potential subcontractor's statement of work, amount of work, price of work or the manner in which the work is to be delivered under the contract in question.

Eighth Principle: **Negotiation** **of the Teaming Agreement**

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- Both parties should recognize the prerogative of either party to utilize an attorney to negotiate the terms of the teaming agreement with the other party.

Ninth Principle: Disputes and Damages

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- To the greatest extent possible the teaming agreement should contain clauses to resolve disputes arising from the teaming agreement utilizing alternative dispute resolution methods such as mediation and arbitration.



FOR MORE INFO

- NASA OSDBU “Understanding Teaming Agreements”
<osdbu.nasa.gov>
- NASA TADSBAT “Teaming Agreements” <osdbu.nasa.gov>
- NASA Minority Business Resource Advisory Committee (MBRAC)
Resolution on Model Principles of Teaming Agreements,
<osdbu.nasa.gov>
- FEDERAL PUBLICATIONS “Advanced Subcontracting
and Teaming Agreements,” 202-337-1500



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